

Economic Recovery Improves Federal Financial Picture

The improving economy helped increase receipts in fiscal 1996 and lower the rate of spending growth. This coupled with selective cuts in Government programs lowered the deficit and slowed the growth of debt.

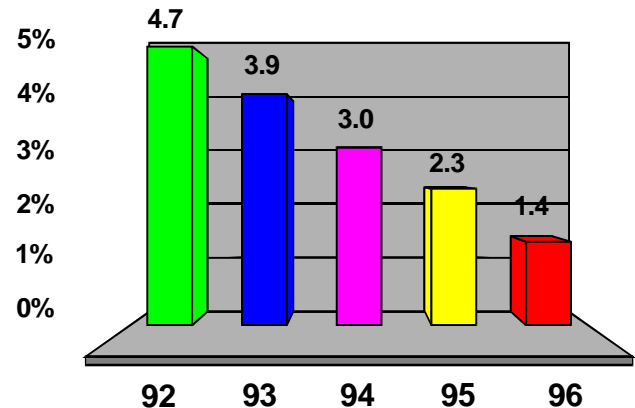
Primarily due to higher corporate profits, corporate receipts grew by 9.4 percent in fiscal 1996. Meanwhile, growth of spending was held down by a significant drop in defense costs.

Growth of nominal gross domestic product (GDP), or the total output of the economy, was

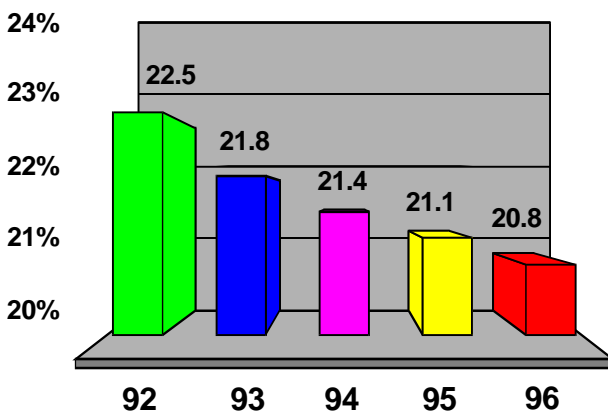
4.1 percent in fiscal 1996, down from an increase of 5.2 percent in 1995. Meanwhile, the deficit dropped from this decade's high of 4.7 percent of GDP in fiscal 1992 to 1.4 percent in fiscal 1996.

As a percentage of GDP, spending also dropped in 1996 as did Federal debt held by the public. Spending in fiscal 1996 was 20.8 percent of the Nation's total economic output compared to 21.1 percent in 1995. Federal debt held by the public dropped slightly in 1996 to 49.9 percent of GDP from 50.1 percent in 1995.

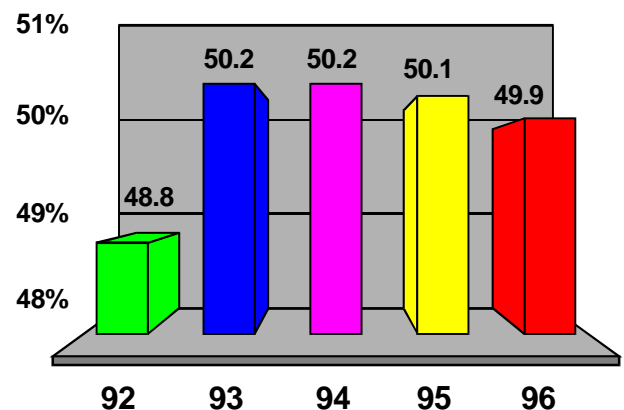
Federal Deficit as a Percentage of Gross Domestic Product Dropped



Spending as a Percentage of Gross Domestic Product Also Dropped



Federal Debt Held by the Public as a Percentage of Gross Domestic Product Dropped Slightly



Basic Economic Statistics 1992 — 1996

	1992	1993	1994	1995	1996
Economic growth (%)	3.7	2.2	3.5	1.3	2.9
Inflation (%)	2.9	2.7	2.7	2.5	3.3
Job growth (millions)	1.2	2.8	3.9	2.2	2.6
Unemployment rate (%) . . .	7.5	6.9	6.1	5.6	5.4

Note: Economic growth is based on fourth quarter to fourth quarter; the 1996 figure reflects the first three quarters at an annual rate. Inflation and growth are based on December to December. The unemployment rate is based on the annual average. Inflation was measured using the Consumer Price Index (CPI).

Federal Employees 1990 — 1999

Sept. 30	In millions
1990	2.250
1991	2.243
1992	2.227
1993	2.157
1994	2.085
1995	2.010
1996*	2.003
1997*	1.963
1998*	1.922
1999*	1.882

* Projected under the Workforce Restructuring Act of 1994.